

ORDINANCE NO. 6 2 4 0

AN ORDINANCE RELATING TO LOCAL IMPROVEMENT DISTRICT NO. 350; FIXING THE AMOUNT, FORM, DATE, INTEREST RATE AND MATURITY OF THE LOCAL IMPROVEMENT DISTRICT NO. 350 INSTALLMENT NOTE; PROVIDING FOR THE PURCHASE OF SUCH NOTE BY THE CITY FROM FUNDS ON DEPOSIT IN THE CAPITAL PROJECTS FUND; AND FIXING THE INTEREST RATE ON LOCAL IMPROVEMENT DISTRICT NO. 350 ASSESSMENT INSTALLMENTS

WHEREAS, pursuant to RCW 35.45.150, the City Council of the City of Auburn, Washington (the "City"), has determined to issue its Local Improvement District No. 350 Installment Note in the aggregate principal amount of \$55,948.45 and finds it is in the best interest of the City that such note be purchased by the City from funds on deposit in the Capital Projects Fund of the City and available for investment.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. AUTHORIZATION AND DESCRIPTION OF NOTE. The total amount of the assessment roll in Local Improvement District No. 350 in the City of Auburn, Washington (the "City"), created under Ordinance No. 6111 which passed August 6, 2007, was \$112,078. The 30-day period for making cash payments of assessments without interest in the District expired on March 26, 2009, and the total amount of assessments paid in cash was \$56,129.55, leaving

a balance of assessments unpaid on the assessment roll in the sum of \$55,948.45. The Local Improvement District No. 350 Installment Note (the "Note") shall, therefore, be issued pursuant to RCW 35.45.150 as a single installment note in the total principal sum of \$55,948.45. The Note shall be dated July 1, 2009; shall mature on July 1, 2019; shall be in fully registered form; and shall be numbered R-1. The Note shall bear interest at the rate of 5.00% per annum (computed on the basis of a 360-day year of twelve 30-day months), payable annually on each July 1, beginning July 1, 2010.

Section 2. APPOINTMENT OF NOTE REGISTRAR; REGISTRATION AND TRANSFER OF NOTE. The Finance Director of the City is appointed Note Registrar for the Note. The Note shall be issued to the City's Capital Projects Fund (the "Registered Owner") only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Note Registrar (the "Note Register"). The Note Register shall contain the name and mailing address of the Registered Owner. The Note may not be assigned or transferred by the Registered Owner. When the Note has been paid in full, both principal and interest, it shall be surrendered by the Registered Owner to the Note Registrar, who shall cancel the Note.

The Note Registrar shall keep, or cause to be kept, at her office, sufficient books for the registration of the Note. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the Note in accordance with the provisions of

the Note and this ordinance, to serve as the City's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this ordinance and City Ordinance No. 2418 establishing a system of registration for the City's bonds and obligations. The Note Registrar shall be responsible for the representations contained in the Note Registrar's Certificate of Authentication on the Note.

Section 3. PAYMENT OF NOTE. Both principal of and interest on the Note shall be payable solely out of the Local Improvement Fund, District No. 350 (the "Note Fund"), and from the Local Improvement Guaranty Fund of the City, and shall be payable in lawful money of the United States of America. Interest on the Note, and any prepaid principal thereof, shall be paid by check, draft or interfund transfer on the interest payment date to the Registered Owner at the address appearing on the Note Register. The final installment of principal of and interest on the Note at maturity or prior repayment is payable at the office of the Note Registrar in Auburn, Washington, upon presentation and surrender of the Note.

Section 4. PREPAYMENT PROVISIONS. The City reserves the right to prepay principal of the Note prior to its stated maturity on any interest payment date, at par plus accrued interest to the date fixed for prepayment, whenever there shall be sufficient money in the Note Fund to prepay the principal of the Note over and above the amount required for the payment of the interest then due on the Note. No notice of prepayment to the Registered Owner is required.

Interest on the principal of the Note so prepaid shall cease to accrue on the date of such prepayment.

Section 5. PLEDGE OF ASSESSMENT PAYMENTS. Assessments collected in Local Improvement District No. 350, together with interest and penalties, if any, are pledged to the payment of the Note, and shall be deposited in the Note Fund. The Note is payable solely out of the Note Fund and the Local Improvement Guaranty Fund of the City in the manner provided by law and constitutes a lien and charge upon such Note Fund and Local Improvement Guaranty Fund. The Note is not a general obligation of the City.

Section 6. FAILURE TO REDEEM NOTE. If the Note is not redeemed when properly presented at its maturity or prepayment date, the City shall be obligated to pay interest on the Note at the same rate provided therein from and after its maturity or prepayment date until the Note, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Note Fund and the Note has been called for payment by giving notice of that call to the Registered Owner.

Section 7. FORM AND EXECUTION OF NOTE. The Note shall be printed, lithographed or typed on good bond paper in a form consistent with the provisions of this ordinance and state law, shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and

the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only the Note bearing a Certificate of Authentication in the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered City of Auburn, Washington, Local Improvement District No. 350 Installment Note described in the Note Ordinance.

Finance Director
Note Registrar

The authorized signing of the Certificate of Authentication shall be conclusive evidence that the Note has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 8. PURCHASE AND SALE OF NOTE. The City will purchase the Note from funds available for investment on deposit in the Capital Projects Fund of the City at a price of par plus accrued interest from the date of the Note to the date of its transfer to the City. The proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Note and for the proper application and use of the proceeds of the sale thereof.

Section 9. FIXING INTEREST RATE ON ASSESSMENTS. The interest rate on the installments and delinquent payments of the special assessments in

Local Improvement District No. 350 are revised and fixed at the rates of 5.00% per annum and 12.00% per annum, respectively.

Section 10. EFFECTIVE DATE OF ORDINANCE. This ordinance shall take effect and be in force five (5) days from and after its passage and five (5) days following its publication as required by law.

INTRODUCED: _____

PASSED: _____

APPROVED: _____

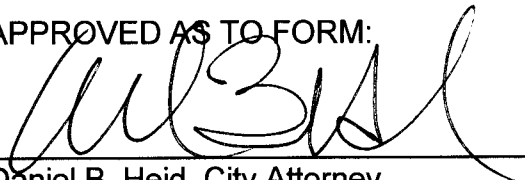
CITY OF AUBURN

Peter B. Lewis, Mayor

ATTEST:

Danielle Daskam, City Clerk

APPROVED AS TO FORM:



Daniel B. Heid, City Attorney

CERTIFICATION

I, the undersigned, City Clerk of the City of Auburn, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 6240 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on June 1, 2009, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after publication in the City's official newspaper.

2. A quorum of the members of the City Council was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Ordinance.

IN WITNESS WHEREOF, I have here unto set my hand this 1st day of June, 2009.

CITY OF AUBURN, WASHINGTON

Danielle Daskam, City Clerk

July 1, 2009

City of Auburn, Washington

Re: City of Auburn, Washington, \$55,948.45
Local Improvement District No. 350 Installment Note

We have served as bond counsel to the City of Auburn, Washington (the "City"), in connection with the issuance of the above-referenced note (the "Note"), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Note is issued by the City pursuant to Ordinance No. 6240 (the "Note Ordinance") for the purpose of providing the funds necessary to pay so much of the cost and expense of the improvements provided by Ordinance No. 6111 establishing Local Improvement District No. 350 as is levied and assessed against the property included in the local improvement district and benefited by those improvements. The Note is payable solely from special assessments levied in Local Improvement District No. 350 and paid into the Local Improvement Fund, District No. 350, of the City (the "Note Fund"), and from the Local Improvement Guaranty Fund of the City.

For as long as the Note is outstanding, the City has pledged the assessments collected in LID No. 350, together with interest and penalties, if any, to the payment of the Note.

We have not been engaged to review and thus express no opinion concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the Note or otherwise used in connection with the Note.

Based upon the foregoing, as of the date of initial delivery of the Note to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

1. The City is a duly organized and legally existing code city under the laws of the State of Washington;
2. The Note has been duly authorized and executed by the City and is issued in full compliance with the provisions of the Constitution and laws of the State of Washington and the ordinances of the City relating thereto;

3. The Note constitutes a valid and binding obligation of the Note Fund and the Local Improvement Guaranty Fund of the City, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles and the exercise of judicial discretion in appropriate cases; and

4. The Note is not a general obligation of the City.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,

No. R-1

\$55,948.45

UNITED STATES OF AMERICA
STATE OF WASHINGTON
CITY OF AUBURN
LOCAL IMPROVEMENT DISTRICT NO. 350 INSTALLMENT NOTE

Interest Rate: 5.00%

Maturity Date: July 1, 2019

Registered Owner: CITY OF AUBURN CAPITAL PROJECTS FUND

Principal Amount FIFTY-FIVE THOUSAND NINE HUNDRED FORTY-EIGHT DOLLARS AND 45/100
(\$55,948.45)

N.B. The laws of the State of Washington under which this Note is issued contain the following section (RCW 35.45.070):

"Neither the holder nor owner of any bond, interest coupon, warrant, or other short-term obligation issued against a local improvement fund shall have any claim therefor against the city or town by which it is issued, except for payment from the special assessments made for the improvement for which the bond or warrant was issued and except also for payment from the local improvement guaranty fund of the city or town as to bonds issued after the creation of a local improvement guaranty fund of that city or town. The city or town shall not be liable to the holder or owner of any bond, interest coupon, warrant, or other short-term obligation for any loss to the local improvement guaranty fund occurring in the lawful operation thereof. A copy of the foregoing part of this section shall be plainly written, printed or engraved on each bond."

The CITY OF AUBURN, WASHINGTON (the "City"), a municipal corporation of the State of Washington, promises to pay to the Registered Owner identified above on the Maturity Date identified above the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) thereon from the date of this Note or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above, payable annually beginning July 1, 2010, to the maturity or earlier prepayment of this Note. If this Note is not redeemed when properly presented at its maturity date, then interest shall continue to accrue at the Interest Rate identified above until this Note, both principal and interest, is paid in full or until sufficient money for its payment in full has been deposited in Local Improvement Fund, District No. 350 (the "Note Fund"), and this Note has been called for payment.

This Note, designated the Local Improvement District No. 350 Installment Note, is issued by the City in fully registered form pursuant to and in full compliance with the Constitution and laws of the State of Washington and ordinances of the City, including Ordinance No. 6240 (the "Note Ordinance"). This Note is issued for the purpose of providing the funds necessary to pay the costs of constructing the improvements within Local Improvement District No. 350 of the City as ordered to be carried out by Ordinance No. 6111 of the City.

The City has reserved the right to prepay principal of this Note prior to its stated maturity date on any interest payment date, at par plus accrued interest to the date fixed for prepayment, whenever there is sufficient money in the Note Fund to prepay the principal of the Note over and above the amount required for the payment of the interest then

due on the unpaid Note. No notice of prepayment to the Registered Owner is required. Interest on the principal of this Note so prepaid shall cease to accrued on the date of such prepayment.

Both principal of and interest on this Note are payable in lawful money of the United States of America. Interest on this Note, and any prepaid principal thereon, shall be paid by check, draft or interfund transfer on the interest payment date to the Registered Owner at the address appearing on the registration books of the City (the "Note Register") maintained by the Finance Director of the City (the "Note Registrar"). The final installment of principal and interest on the Note at maturity or prior repayment is payable at the office of the Note Registrar in Auburn, Washington, upon presentation and surrender of this Note.

The funds deposited in the Note Fund and the Local Improvement Guaranty Fund of the City have been and are pledged irrevocably to the payment of the principal of and interest on this Note. This Note is not a general obligation of the City.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon has been signed by the Note Registrar.

The principal of and interest on this Note shall be paid only to the Registered Owner and to no other person or entity, and this Note may not be assigned or transferred.

The City and the Note Registrar may deem and treat the Registered Owner of this Note as its absolute owner for the purpose of receiving payment of principal and interest and for all other purposes, and neither the City nor the Note Registrar shall be affected by any notice to the contrary. As used herein, Registered Owner means the person or entity named as Registered Owner of this Note on the first page hereof and on the Note Register.

It is certified, recited and declared that all acts, conditions and things required to be done precedent to and in the levying of any assessments and the issuance of this Note have been done properly, have happened and have been performed in regular and due form, as required by law, and that this Note has not been issued in an amount in excess of the cost of the improvements in Local Improvement District No. 350.

IN WITNESS WHEREOF, the City has caused this Note to be executed on behalf of the City by its Mayor and City Clerk, and the seal of the City to be impressed hereon, this 1st day of July, 2009.

CITY OF AUBURN, WASHINGTON

[SEAL]

By

Mayor

By

City Clerk

Date of Authentication: _____

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered City of Auburn, Washington, Local Improvement District No. 350 Installment Note described in the Note Ordinance.

By _____
Finance Director, Note Registrar

LID NO. 350 INSTALLMENT NOTE
PAYMENT RECORD

<u>Interest Payment Date (July 1)</u>	<u>Payment Received</u>	<u>Interest Paid</u>	<u>Principal Prepaid</u>	<u>Principal Balance Due</u>	<u>Note Registrar</u>
Beginning principal balance:				\$55,948.45	
2010	_____	_____	_____	_____	_____
2011	_____	_____	_____	_____	_____
2012	_____	_____	_____	_____	_____
2013	_____	_____	_____	_____	_____
2014	_____	_____	_____	_____	_____
2015	_____	_____	_____	_____	_____
2016	_____	_____	_____	_____	_____
2017	_____	_____	_____	_____	_____
2018	_____	_____	_____	_____	_____
2019	_____	_____	_____	_____	_____